

Message

From: Wester, Barbara [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=CEA2B9B4C21E414495BC675184A5291B-BEWESTER]
Sent: 3/28/2017 12:27:05 PM
To: Baca, Andrew [Baca.Andrew@epa.gov]; Binder, Jonathan [Binder.Jonathan@epa.gov]
Subject: RE: Deal Too Sweet in Mining Company Land Exchange, Suit Says

Attorney Work Product / Ex. 5

From: Baca, Andrew
Sent: Tuesday, March 28, 2017 7:09 AM
To: Wester, Barbara <wester.barbara@epa.gov>; Binder, Jonathan <Binder.Jonathan@epa.gov>
Subject: Deal Too Sweet in Mining Company Land Exchange, Suit Says

http://news.bna.com/deln/DELNWB/split_display.adp?fedfid=108093116&vname=denotallissues&id=a0m1f5k2h7&split=0

Mining**Deal Too Sweet in Mining Company Land Exchange, Suit Says**

Snapshot

- Court asked to overturn U.S. Forest Service land exchange
- Plaintiffs claim transaction a bad deal for U.S. taxpayers

By Stephen Joyce

A St. Paul, Minn.-based mining company is getting a sweet deal at the expense of taxpayers thanks to a U.S. Forest Service land exchange that will allow the company to mine valuable mineral reserves, an activist group charged in federal court (*Minn. Ctr. for Envntl. Advocacy v. Tidwell*, D. Minn., 17-cv-00905, 3/27/17).

The service's Jan. 9 record of decision conveyed 6,650 acres from the Superior National Forest to PolyMet Mining Inc. in exchange for 6,690 acres of nonfederal lands. The national forest land sits atop stores of copper and platinum ore. The March 27 Minnesota Center for Environmental Advocacy complaint claims PolyMet plans to conduct open-pit mining to extract that ore.

The firm already controls mineral rights to the ore.

Plaintiffs asked the court to invalidate the exchange because the federal lands are far more valuable than the land PolyMet offered in the exchange, Kevin Lee, Minnesota Center for Environmental Advocacy staff attorney, told Bloomberg BNA.

PolyMet did not respond to a request for comment.

Materially Undervalued

"This lawsuit is not about whether we are pro- or anti-mining. The point is when you undervalue the exchange this badly, the national forest is getting much less land in return than it would otherwise get," said Lee, whose organization is one of three environmental and conservation groups suing the U.S. Forest Service. "This mine could still go forward if they revalue the land and get a better price for it. It's really about this being a terrible deal for taxpayers, not as much about whether the mine is good or bad."

Land in comparable transactions was valued at as much as five times the value attached to the federal lands in the PolyMet deal, Lee said.

The land's appraisal did not properly account for PolyMet's owning the mineral rights associated with the forest land, the complaint said. "[T]he Forest Service did not instruct the appraiser to consider the fact that PolyMet controls the mineral rights underlying the subject estate."

The federal land was acquired under the authority of the Weeks Act, a 1911 law enabling the federal government to purchase private land to protect the headwaters of rivers and watersheds.

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